GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:3440
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Mega Food Parks
Adityanath Shri Yogi;Ajmal Maulana Badruddin;Bohara Shri Ramcharan;Karadi Shri Sanganna Amarappa;M. Smt. Vasanthi;Nishank Dr. Ramesh Pokhriyal;Venugopal Dr. Ponnusamy

Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) the objectives and guidelines for setting up of Mega Food Parks (MFPs) and the extent to which the objectives have been achieved since introduction of MFP Scheme including employment generated and revenues earned therefrom in the country;
(b) whether the Government has received a number of proposals for setting up of MFPs in various parts of the country during the last three years and the current year and if so, the details thereof along with the MFPs approved and operational so far, State/UT-wise;
(c) the pattern of funding and acquisition of land for the construction of MFPs and the funds sanctioned, released and utilised for construction and functioning of MFPs in the country during the said period, State-wise;
(d) whether there has been any delay in the establishment of MFPs in various parts of the country including Haryana and if so, the details thereof and the steps taken to complete the same in time; and
(e) whether the Government proposes to give incentives to the private sector for developing food parks and also encourage setting up of food processing units outside the MFPs and if so, the detail thereof and the study conducted for alternative models to develop food processing industries in the country?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES
(SADHVI NIRANJAN JYOTI)
(a) The primary objective of setting up of Mega Food Parks (MFPs) is to provide modern infrastructure facilities for the food processing sector in the country. The responsibility of execution, ownership and management of the Mega Food Park vests with a Special Purpose Vehicle (SPV) registered under the Companies Act. However, State Government/ State Government entities/Cooperatives applying for the project under the scheme are not required to form a separate SPV. The main eligibility criteria of the project are as under:

i. The promoter holding maximum equity in the SPV would be the lead promoter.
ii. At least 50 acres of land for the project is required to be arranged by the SPV either by purchase or on lease for at least 75 years.
iii. The combined net worth of the promoters/proposed shareholders of SPV should not be less than Rs.50.00 crore. Each member in SPV must have a net worth at least 1.5 times of his/her proposed equity contribution in order to ensure requisite contribution for the project from each shareholder.
iv. The SPV needs to bring in at least 20 percent of the total project cost as equity in general areas and at least 10 percent of the total project cost in difficult and hilly areas i.e. North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States. However, State Government / State Government entities will be required to contribute at least 10 percent of the total project cost of the Mega Food Park project, not necessarily, in the form of the equity.
v. Central Government agencies becoming shareholders in the SPV, can only hold up to 26 percent of equity in the SPV. However, there will be no such restriction on State Govt./ State Govt. entities/ its Cooperatives.
vi. SPVs / IAs are not permitted to sell the plots in Mega Food Parks. The plots can only be given on lease to other entrepreneurs for setting up of food processing units in the Park.
vii. The common facilities in the park cannot be sold or leased out. They can only be offered to units on rental basis.

A total of 42 Mega Food Parks have been approved by the Government to be set up to create modern infrastructure facilities for food processing sector in the country. Out of these, 34 Mega Food Parks have already been approved. Each Mega Food Parks, after being fully completed and occupied by the food processing units, is expected to generate collective investment of around Rs. 250 crore that would eventually lead to an annual turnover of about Rs. 450-500 crore and direct and indirect employment of about 5,000-6,000 persons and benefit about 25,000-30,000 farmers.

(b) & (c) Ministry of Food Processing Industries has approved 34 Mega Food Parks out of which 23 Mega Food Parks have been approved during the last three years and the current year (upto 30.11.2016) for implementation by State Public Sector Undertakings (PSUs) and Private Sector for creation of modern infrastructure for food processing sector in the country. The State / UT wise details of funds sanctioned, released and expenditure incurred alongwith present status of these 23 Mega Food Parks is at Annexure-I.

Out of 34 approved Mega Food Parks, 3 Mega Food Park projects have been completed during last three years i.e. (i) Srini Food Park in Chittoor, Andhra Pradesh, (ii) Patanjali Food & Herbal Park in Haridwar, Uttarakhand and (iii) Integrated Food Park in Tumkur, Karnataka. Further, another 5 Mega Food Park projects i.e., (i) North East Mega Food Park in Nalbari, Assam, (ii) International Mega Food Park in Fazilka, Punjab, (iii) Indus Mega Food Park in Khargoan, Madhya Pradesh, (iv) Jharkhand Mega Food Park in Ranchi, Jharkhand and (v) Jangipur Bengal Mega Food Park in Murshidabad, West Bengal have been made operational.
The scheme envisages a capital grant @50% of the eligible project cost in general areas and @75% in difficult and hilly areas i.e. North East Region including Sikkim, J&K, Himachal Pradesh, Uttarakhand and ITDP notified areas of the States subject to a

maximum of Rs. 50 crore per project. At least 50 acres of land is required to be arranged by the SPV / IA either by purchase or on lease of at least for the Central Processing Centre of the Mega Food Park.

(d) As per the Mega Food Park scheme guidelines, the stipulated timeline for completion of project is 30 months. However, there have been delays in implementation of mega food parks approved in various parts of the country including Haryana for the reasons given below:

(i). Delay in acquiring 50 acre contiguous land with Change of Land Use (CLU).
(ii). Delay in Permission for sub-leasing of plots required in case of Government/leased land.
(iii). Difficulty in getting Term loan from Banks / Financial Institutions.
(iv). Delay in getting statutory clearances (environmental, town and country planning, ground water, electricity, etc.) from the State Government.
(v). Non availability of any special incentives for setting up food processing units in Mega Food Parks.

Ministry of Food Processing Industries has taken several steps to complete the projects in time as under:
(i). Issues have been taken up with State Governments to expedite statutory clearances and to remove the bottlenecks.
(ii). State Governments and Ministry of Finance requested to provide fiscal incentives to the Mega Food Park projects.
(iii). Issues have been taken up with the Banks/ FIs to expedite sanction of term loan to the projects.
(iv). State Governments have been involved in selection and monitoring of the projects.
(v). District Level Coordination Committee has been constituted under the Chairmanship of District Magistrate (DM) to resolve local issues.
(vi). Release of installments of grant has been linked to allotment of plots to the processing units.
(vii). Provision of penalty has been made in the scheme guidelines for delay in meeting the timeline for claiming grant installments.
(viii). Regular monitoring of the projects is being done at various levels.

(e) The private sector is eligible for availing financial assistance under the Mega Food Park Scheme implemented by Ministry of Food Processing Industries for setting up of Mega Food Parks in the country. Further, the Government has created a Rs. 2000 crore special fund with NABARD to make available affordable credit to designated Food Parks and the agro-processing units to be set up in the designated Food Parks notified by this Ministry. No specific study has been conducted by the Ministry for alternative models to develop food processing industries in the country.
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